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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 of 15(d)
of the Securities Exchange Act of 1934

For quarter ended January 31, 1992 Commission File Number 0-3825

Computer Transceiver Systems, Inc.

(Exact name of registrant as specified in its charter)

New York	22-1842747
(State of Incorporation)	(I.R.S. Employer Identification Number)

23 Carol Street
Clifton, New Jersey 07014
(Address of Principal Executive Offices)

Registrant's Telephone Number: (201) 473-4700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by court.

Yes X No

The number of shares outstanding of the registrant's Common Stock, par value of $.01 per share, as of January 31, 1992 was 3,452,764.

COMPUTER TRANSCEIVER SYSTEMS, INC.

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COMPUTER TRANSCEIVER SYSTEMS, INC.
Balance Sheets

	January 31, 1992 (unaudited) (note 1)	July 31.1991 (audited)
ASSETS		
Current Assets:		
Cash	$ 4,792	$ 5,945
Accounts receivable, less allowance for doubtful accounts of $2,000 at January 31, 1992 and $2,000 at July 31, 1991	160,153	96,681
Inventories	110,958	208,860
Prepaid expenses	862	850
Total Current Assets	276,765	312,336
Property and Equipment:		
Property and equipment	549,821	549,821
Less: Accumulated depreciation	543,419	540,371
Net Property and Equipment	6,402	9,450
Leased Equipment:		
Lease portfolio	207,714	211,314
Less: Accumulated amortization	207,702	207,752
Net Leased Equipment	12	3,562
Other Assets:		
Security deposits	1,650	1,650
Total Assets	$284,829	$326,998
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Current portion of long-term debt	$ -	$432,435
Accounts payable	74,165	192,205
Accrued expenses	124,963	99,020
Due to Vertex Industries, Inc.	968,614	451,103
Deferred income on service contracts	1,446	1,526
Total Current Liabilities	1,169,188	1,176,289
Stockholders' Equity (Deficit)		
Common stock, par value $.01 per share: 5,000,000 shares authorized 3,452,764 issued and outstanding at January 31, 1992 and July 31, 1991	34,911	34,911
Capital stock in excess of par value	2,750,137	2,750,137
Retained earnings (deficit)	(3,669,024)	(3,633,956)
Total	(883,976)	(848,908)
Less: Treasury Stock (38,333 shares common stock at cost)	(383)	(383)
Net Stockholders' Equity (Deficit)	(884,359)	(849,291)
Total Liabilities and Stockholders' Equity	$284,829	$326,998

The accompanying notes are an integral part of the financial statements.

COMPUTER TRANSCEIVER SYSTEMS, INC.
Statement of Operations

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
Revenues				
Product Sales	$174,951	$113,429	$421,895	$287,437
Other Revenues	11,922	13,900	26,851	28,644
Total Revenues	186,873	127,329	448,746	316,081
Costs and Expenses				
Cost of Sales	112,107	92,280	261,074	238,831
Selling, General and Administrative	106,218	93,961	200,557	191,803
Total Costs and Expenses	218,325	186,241	461,631	430,634
Operating (Loss)	(31,452)	(58,912)	(12,885)	(114,553)
Other Income (Expenses):				
Interest Income	-	-	76	153
Interest Expense	(10,369)	(12,755)	(22,261)	(25,421)
Net Other (Expenses)	(10,369)	(12,755)	(22,185)	(25,268)
Income or (loss) before income taxes and extraordinary item	(41,821)	(71,667)	(35,070)	(139,821)
Income taxes	(2,240)	-	-	-
Income or (loss) before extraordinary item	(39,581)	(71,667)	(35.070)	(139,821)
Extraordinary item:				
Income tax benefit from carry forward of net operating losses	(1,366)	-	-	-
Net Income or (loss)	(40,947)	(71,677)	(35,070)	(139,821)
Retained Earnings (Deficit) at beginning of year	(3,628,078)	(3,463,677)	(3,633,955)	(3,395,523)
Retained Earnings (Deficit) at end of period	(3,669,025)	(3,535,344)	(3,669,025)	(3,535,344)
Net Income per share :				
Income or (loss) before income taxes and extraordinary item	$(0.01)	$(0.02)	$(0.01)	$(0.04)
Income taxes	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Extraordinary item	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Net income or (loss)	$(0.01)	$(0.02)	$(0.01)	$(0.04)
Weighted Average Number of Shares	3,452,764	3,452,764	3,452,764	3,452,764

The accompanying notes are an integral part of the financial statements.

COMPUTER TRANSCEIVER SYSTEMS, INC.
Statement of Cash Flows

	SIX MONTHS ENDED January 31, 1992		January 31, 1991	
Cash Flows from Operating Activities:				
Net (loss)		$(35,068)		$(139,821)
Adjustments to Reconcile Net (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,998		9,125	
(Gain) on sale of leased equipment	-		(680)	
(Increase) or decrease in operating assets:				
Accounts receivable	(63,472)		4,871	
Inventories	101,502		43,653	
Prepaid expense	(12)		(2,624)	
Increase (decrease) in operating liabilities:				
Note payable	-		26,200	
Accounts payable	(118,040)		18,772	
Accrued expenses	25,943		8,039	
Deferred income on service contracts	(80)		(902)	
Net adjustments to reconcile net (loss) to net cash provided by (used for) operating activities		(51,161)		106,454
Net cash used for operating activities:		(86,229)		(33,367)
Cash Flows from Investing Activities:				
Addition to Property and Equipment	-		-	
Sale of leased Equipment	-		680	
Net Cash provided by Investing Activities		-		680
Cash Flows from Financing Activities:				
Payment of long term debt:	-		(3,762)	
Payment of short term debt:	-		(9,284)	
Due to Vertex Industries, Inc.:	85,076		23,950	
Net Cash		85,076		10,904
Net Increase or (Decrease) in Cash		(1,153)		(21,783)
Cash at Beginning of Year		5,945		23,194
Cash at End of Period		$ 4,792		$ 1,411

The accompanying notes are an integral part of the financial statements.

COMPUTER TRANSCEIVER SYSTEMS, INC.
Notes to Financial Statements - Unaudited
January 31, 1992

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which, in the opinion of the management, are necessary for a fair statement of the results of the interim periods presented. These financial statements do not include all disclosures associated with annual financial statements, and accordingly should be read in conjunction with footnotes contained in the Company's Form 10-K Annual Report for the fiscal year ended July 31, 1991.

Note 2 - FINANCING AND TRANSACTIONS WITH VERTEX:

The Company was indebted under a secured loan from Chemical Bank in the aggregate principal amount of $422,467, plus accrued interest, on which the Company had been unable to make quarterly payments in reduction of principal. The loan was fully guaranteed by its parent company, Vertex Industries, Inc. On December 23, 1991 pursuant to agreement among the bank, the Company and Vertex Industries, Inc., the entire loan, including all accrued and unpaid interest, was paid and satisfied through a payment by Vertex of $100,000 and the issuance by Vertex of 100,000 shares of Vertex common stock. The Company and Vertex are discussing terms under which Vertex will be repaid for its outlay of cash and the stock in connection with satisfying the loan, but no decision has yet been made on repayment terms.

The Company's activities have been seriously hampered by a lack of working capital, and the Company continues to be materially dependent on Vertex Industries, Inc., which owns approximately 57% of the Company's shares. As of January 31, 1992, the total amount of Company indebtedness to Vertex was $968,614, including the amount paid in satisfaction of the bank loan on December 23, 1991. Vertex is not under any contractual obligation to continue to assist the Company and has indicated that it is not presently able to provide any additional financial resources. Vertex is, however, purchasing components for and supplying assembly labor for the Company's product, for which it has been charging the Company at manufacturing cost plus allocated overhead and a profit margin. The Company does not have alternative sources for the financing of inventory purchases or assembly of product at the present time.

Additional capital is required for marketing, promotional and other operating expenses. While the Company has been seeking and intends to continue to seek, alternate or additional financing resources, the Company cannot predict whether, or under what terms, such resources may become available.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CAPITAL RESOURCES AND LIQUIDITY

The Company had a working capital deficiency at January 31, 1992 of $892.423 compared with a deficiency of $863,953 at July 31, 1991. Stockholder deficit was $884,359 compared to a deficit of $849,291 at July 31, 1991. The declines were due to the operating loss in the first half of the fiscal year.

As stated in Note 2 above, the Company's note payable to Chemical Bank in the amount of $422,467, plus accrued and unpaid interest was paid and satisfied through funds paid and common stock issued by Vertex. As a result, the Company's indebtedness to a third-party financial institution has been eliminated, but such debt has been replaced by the Company's obligation to repay Vertex in a like amount. The total indebtedness of the Company to Vertex is $968,614 as of January 31, 1992. Although discussions are taking place with respect to the terms for repayment of such indebtedness, no terms have yet been established.

In the period since the end of the fiscal year, Vertex has been engaged in helping the Company assemble a significant component of the Company's Execuport 2400 and, in connection therewith, has purchased parts and inventory. Vertex is now billing the Company for such assembly activities. Although no formal agreement between the Company and Vertex has yet been concluded, billing is at direct manufacturing cost plus allocated plant overhead and a profit margin.

The Company signed a letter of intent in December 1990 with MedPlus, Inc. While a detailed, formal agreement has not been prepared,a marketing and distribution arrangement may grant MedPlus exclusive distribution rights for the healthcare market (except for sales to Mayo Clinic) for the Execuport 2400, subject to attaining agreed sales quotas and fulfilling certain other conditions by MedPlus. While sales to MedPlus during the fiscal year ended July 31, 1991 were not significant, sales of bar code printers have increased significantly in the subsequent period, almost entirely due to sales to MedPlus.

In order to sustain its operations, the Company will be required either to obtain additional assistance from Vertex, or to continue past efforts, unsuccessful to date, to obtain outside financing. There is no assurance that the Company will be able to obtain the necessary financing from any third party (or from Vertex) or that satisfactory arrangements concerning repayment of indebtedness to Vertex can be negotiated. The failure to obtain such financing or negotiate such arrangements, or the failure to increase sales and generate greater cash flow from operations, would have material adverse consequences for the company.

Management believes that the Company's product and know-how represent valuable assets, and that the goodwill associated with the Company's reputation for quality will assist in helping to resolve such problems.

OPERATING RESULTS AND NET INCOME

Net total revenues were $448,746 for the six-month period ended January 31, 1992, 42.0% above the same period of the prior year. This substantial improvement was due, in the main, to sales to MedPlus.

Cost of sales for the current six-month period reflected the favorable mix of increased sales of bar code units and decreased sales of higher cost label stock, resulting in a cost of sales ratio of 58.2% compared with 75.6% for the same period of the prior year. Selling, general, and administrative expenses of $200,557 for the current period were 4.6% higher than the prior year. Due to the higher level of sales, the expense-to-revenue ratio decreased from 60.7% to 44.7%.

The net loss for the six-month period ended January 31, 1992 was $35,070 or 7.8% of the total revenue, compared with a net loss of $139,821 or 44.2% of total revenue for the same period of the prior year. This improvement was primarily due to increased sales of bar code units. However, operating results for the six-month period reflect the cost to the Company of utilizing labor, inventory purchasing and assembly facilities provided by Vertex, which are billed to the Company along with a profit margin for Vertex.

COMPUTER TRANSCEIVER SYSTEMS, INC.
PART II

OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8K

(a) Exhibits: None

(b) There were no reports on Form 8K filed during the six months ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act Report to be signed on its behalf by the undersigned thereunto duly authorized.

COMPUTER TRANSCEIVER SYSTEMS, INC.
(Registrant)

Date: May 15, 1992

By: _____
Thomas J. Tully
President

Date: May 15 1992

By: _____
Seymour D. Balkin
Treasurer